



San Joaquin County Employees Retirement Association

A G E N D A

AUDIT COMMITTEE MEETING SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION BOARD OF RETIREMENT FRIDAY, SEPTEMBER 8, 2023 AT 8:30 AM

Location: SJCERA Conference Room, 6 S. El Dorado Street, Suite 400, Stockton, California

Persons who require disability-related accommodations should contact SJCERA at (209) 468-9950 or ElainaP@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1.0 ROLL CALL

2.0 PUBLIC COMMENT

Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), no deliberation, discussion or action may be taken by the Board on items not listed on the agenda. Members of the Board may, but are not required to: (1) briefly respond to statements made or questions posed by persons addressing the Board; (2) ask a brief question for clarification; or (3) refer the matter to staff for further information.

3.0 SELECTION OF FINANCIAL AUDITING SERVICES VENDOR (RFP #2023-01)

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3.01 Committee to consider and take possible action on retention of financial auditing services vendor

4.0 COMMENTS

4.01 Comments from the Committee

5.0 ADJOURNMENT



Board of Retirement Audit Committee Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 3.0

September 8, 2023

SUBJECT: Finalist for Financial Auditing Services (RFP 2023-01)

SUBMITTED FOR: ___ CONSENT X ACTION ___ INFORMATION

RECOMMENDATION

The evaluation team recommends the Audit Committee select Brown Armstrong to provide financial auditing services as described in the Request for Proposal (RFP) 2023-01.

PURPOSE

To contract with a Certified Public Accounting firm to provide financial auditing services.

DISCUSSION

On June 2, 2023, SJCERA staff issued RFP 2023-01 for financial auditing services. Six firms, listed alphabetically below, submitted proposals by the filing date of July 21, 2023.

- Brown Armstrong Accountancy Corporation
- CliftonLarsonAllen (CLA) LLP
- Crowe LLP
- Eide Bailly LLP
- Macias Gini & O'Connell (MGO) LLP
- Moss Adams LLP

The evaluation team consisted of Chief Executive Officer (CEO) Johanna Shick, Financial Officer Carmen Murillo, and Management Analyst III Greg Frank. All proposals met the minimum qualifications and proposal requirements specified in the RFP, and all firms were deemed capable of providing the required services. In addition, the evaluation team scored the proposals based on the following criteria:

- Proposal content
- Quality of assigned personnel
- Experience and capabilities
- Client references
- Fees

The evaluation team recommends the Audit Committee contract with Brown Armstrong for the following reasons:

- Maintaining auditor consistency during organizational transition mitigates risk
- Brown Armstrong has extensive experience auditing 1937 Act retirement systems

- The rotation of auditor staff assigned to the audit should be sufficient to maintain the necessary objectivity
- The fee schedule is very competitive and lower than their 2023 fee

Brown Armstrong’s fee for 2023 was \$60,705. Their proposed five-year fee schedule is as follows:

Year 1	\$51,950
Year 2	\$53,500
Year 3	\$55,100
Year 4	\$56,750
Year 5	\$58,450
Total	\$275,750


The evaluation team identified another firm that was a very strong contender. It has extensive retirement system experience, including 1937 Act experience, and a very strong information technology auditing component. Their breadth of experience could help identify opportunities for SJCERA to improve. Additionally, their IT component is particularly attractive given SJCERA’s pension administration implementation project. Finally, having a completely new audit firm, can only increase the objectivity. (Brown Armstrong has been SJCERA’s auditor since December 2006.) However, considering the anticipated organizational transition, staff feels it is prudent to maintain consistency in its auditor for at least one to two years.

With that in mind, staff recommends the Audit Committee offer a two-year contract with appropriate extensions (instead of the standard five-year contract with extensions). This shorter contract period enables the Committee to easily consider the relative merits of staying the course or engaging a new auditor once the organization has stabilized.


Following the Committee’s approval, staff will commence contract negotiations. Upon successful contract negotiation, the CEO will execute a contract with Brown Armstrong in consultation with SJCERA’s General Counsel.

ATTACHMENT

None



 JOHANNA SHICK
 Chief Executive Officer



 GREG FRANK
 Management Analyst III